

CHARTER SCHOOLS HIRE MANAGERS

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Body

The rapid growth of **charter schools** in Michigan has spawned a new for-profit industry -- companies that sell management services to **charter schools**.

Charter schools, independently run public **schools**, are turning to management companies because starting a **school** from scratch is daunting and expensive.

"I think it would be next to impossible without a management company," said Andrew DeVries, board president of Excel **Charter** Academy in Grand Rapids, which hired Educational Development Corp. of Grand Rapids to help run its **school**.

What management companies do varies from **school** to **school**, but generally they hire staff and handle payrolls and benefits.

Some management companies will help arrange financing when usual sources such as banks are not available. Financing is often the biggest hurdle in opening a **charter school**.

"I think they are going to be a very big and a very important business in American K-12 education," said John McLaughlin of the Education Industry Group in St. Cloud, Minn., which publishes Education Industry Report.

"Think back 30 years ago when hospitals were not thought of as profit centers," McLaughlin said. "I think we'll see a similar evolution in American **schooling**."

This year, more than 12,000 of Michigan's 1.6 million public **school** students are enrolled in 74 **charter schools**. Nationally, there are 475 **charter schools** operating in 16 states and the District of Columbia.

Gary Cass, head of the state Department of Education's **charter school** office, said 14 of the 74 **charter schools** have gone to using management companies, and the trend is growing. Many newly approved, but not yet opened, **charter schools** are working with a management company, he said.

Robert Mills, head of the **charter school** office at Central Michigan University which has approved most of the **charter schools** operating in Michigan, said a **charter school** needs about \$250,000 plus a building to open.

But the state does not give a **charter school** any operating money until its doors are open. And, unlike public **schools**, **charter schools** cannot sell bonds.

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Some educators fear that education could suffer with management companies motivated by profits.

"Will they cut corners? I'm not saying they have, but will they?" asked Joseph Caimi, superintendent of the St. Clair County Intermediate **School** District, which has **chartered** and manages two **schools**. "There are some real moral questions there, and I don't think those questions are answered at this point."

Pat Sandro, head of **charter schools** for Grand Valley State University, said if management companies can do the job, the profit issue doesn't matter.

"Some people say a profit corporation shouldn't be messing about with education, but my opinion is if they can do it better, that's what **charter** is all about," Sandro said. "What I'm seeing is the management companies seem to be operating **schools** that are running better. They have more horsepower; they have auditors, they have attorneys, they have others."

J.C. Huizenga, president of Grand Rapids' Educational Development Corp., said the management company has a built-in incentive to provide quality instruction to attract and keep students: No students, no profit.

"If we provide a reasonable education -- and, in fact, we expect to provide the best education in that **school's** market area -- and we give the **school** all the services and meet all the parents' expectations, I would think we'd be entitled to a profit," Huizenga said.

Exactly how much management companies charge is unclear. Some companies will discuss fee schedules; others won't. **Charter school** records are public information. But since **charters** have only operated in Michigan since 1995, many **schools** have not been open long enough to have filed a financial report.

Mills, of the CMU **charter schools** office, said the typical fee is 10 percent of the **school's** state aid. In Michigan, **charter schools** receive the same per-pupil state funding as the public **school** district in which they are located, usually between \$4,500 and \$5,500 per pupil, up to a maximum of \$5,808.

A **school** with 200 students and about \$1 million in state aid could yield \$100,000 for the management company.

So who is making sure the money is spent properly?

Charter schools must abide by the same open-bidding laws as public **schools**. But they are not required to get bids for professional services, including educational management companies, lawyers, auditors and architects. And **charter school** boards are not elected. The board is overseen by the university, community college or **school** district **chartering** the **school**.

"If we feel the management firm is not delivering the product, or the contract is way out of line, we'd probably advise them they're getting taken and advise them to do something the following year," said Wayne Vasher, director of Saginaw Valley State University's **charter** office.

State Rep. Jim Agee, D-Muskegon, the top Democrat on the House Education Committee, said that may not be enough.

"We're really putting this money into the hands of private concerns, the taxpayers' money, with no real accountability," Agee said.

Officials at **charter schools** not using management companies say running a **school** without professional help is tough, but not impossible.

Donald Tassie is the dean of students and one of the founders of the da Vinci Institute, a ninth-through-12th-grade **charter school** in Jackson. Instead of using a management company, Tassie and his staff administer the **school**.

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"If we could have hired somebody to do exactly what we wanted, the way we wanted, yes it would have been easier," Tassie said. "But it's going to cost you money, you lose some control and I think you lose that sense of ownership."

HOW, WHERE AND WHAT THEY MANAGE

A sampling of management companies working with **charter schools** in Michigan:

EDISON PROJECT

* Location: New York.

* History: Unlike most management companies, Edison has its own curriculum. Not all of its **schools** are **chartered**. Flint Public **Schools** recently agreed to open two Edison **schools** and CMU recently granted a **charter** for an Edison **school** in Detroit. Edison has one **charter school** in Lansing and two -- not **chartered** -- in Mt. Clemens.

* Fee: Makes an individual contract with **schools**.

* Quote: "Edison is not a company that says we can do it cheaper than **school** districts. For the money we receive, we can do it differently." -- Deborah McGriff, vice-president and former Detroit Public **Schools** superintendent.

LEONA GROUP

* Location: Lansing.

* History: Formerly the Michigan Partnership for a New Education, which most recently was working under a contract from the state Board of Education to help **charter schools** get off the ground. On Jan. 1, the name officially changes to the Leona Group. The company is working with **chartered schools** in Pontiac, Detroit, Belding and Lansing.

* Fee: Negotiated with each **school**.

* Quote: "We are particularly interested in children who have been disadvantaged, which would obviously draw us to urban centers. And we think we've got some background in that." -- Valerie Von Frank, a spokeswoman.

EDUCATIONAL DEVELOPMENT CORPORATION

* Location: Grand Rapids

* History: Founded by businessman J.C. Huizenga. Has four **schools** in western Michigan. Also working with two not yet opened. Huizenga says he makes a profit when he has at least 24 students in each class.

* Fee: The company lets the **school** retain 2 percent of its state per-pupil allocation. This is guaranteed, whether the company makes money or not. Educational Development takes what is left over after the 2-percent guarantee and total operating expenses.

* Quote: "For us to be profitable, the **school** has to be successful, which is a great checks-and-balance system." -- Mark DeHaan, project director.

SYNERGY TRAINING SOLUTIONS

* Location: Farmington Hills

* History: Synergy is run by three partners -- two educators and a nurse. The three started by developing training curriculums for adult and community education and hospitals. They manage one **school**, the Michigan Health Academy in Southgate, a **charter school** for health care careers.

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* Fee: Partner Christine Tooley declined to give figures, but said the partners have worked many months for free. The school has 48 students.

* Quote: **Charter schools** "need the expertise of what the public schools have been doing for years, but they don't need the bureaucracy." -- Tooley.

By Peggy Walsh-Sarnecki

Notes

SIDE BAR ATTACHED

Classification

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